

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re:	§	Chapter 11
	§	
W.R. GRACE & CO., et al.,	§	Jointly Administered
	§	Case No. 01-01139 (JKF)
Debtors.	§	
	§	

**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF CARELLA, BYRNE,
BAIN, GILFILLAN, CECCHI, STEWART & OLSTEIN
FOR THE ELEVENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Fee Application of Carella, Byrne, Bain, Gilfillan, Cecchi, Stewart & Olstein for the Eleventh Interim Period (the “Application”).

BACKGROUND

1. Carella, Byrne, Bain, Gilfillan, Cecchi, Stewart & Olstein (“CBBG”) was retained as Special Litigation and Environmental Counsel to Debtors. In the Application, CBBG seeks approval of fees totaling \$147,641.50 and costs totaling \$3,784.87 for its services from October 1, 2003, through December 31, 2003.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications

for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on CBBG an initial report based on our review, and received a response from CBBG, portions of which response are quoted herein.

DISCUSSION

3. In our initial report, we noted that CBBG seeks reimbursement for a photography or copying expense that required s more information. The entry is provided below.

11/03/03	Costs Advanced - MR. PHOTO 11/03/03	264.89
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We asked CBBG to explain the nature of this expense. CBBG responded as follows:

The charge from Mr. Photo relates to the reproduction of Trial Exhibit 1104a through 1104j, which were submitted to the court-appointed Special Master. The 1104 series consist of ten (10) aerial photographs of the Route 440 Site and the immediate surrounding area in the vicinity of the Route 440 Site. The photographs were reproduced from 4 x 5 negatives. Attached hereto is a copy of the bill from Mr. Photo for this charge.

We appreciate the response and offer no objection to this expense.

CONCLUSION

4. Thus, we recommend approval of fees totaling \$147,641.50 and costs totaling \$3,784.87 for CBBG's services from October 1, 2003, through December 31, 2003.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: 

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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 24th day of May, 2004.


Warren H. Smith

SERVICE LIST
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